

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
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C O N F I D E N T I A L SEOUL 6164

E.O. 11652: GDS
TAGS: PGOV KS
SUBJ: APARTMENT SCANDAL - ACT II

REF: A. SEOUL 5801 (DTG 050818Z JUL 78)
B. SEOUL 5860 (DTG 0706&5Z JUL 78)
C. USDAO 100622Z JUL 78

1. HYUNDAI APARTMENT SCANDAL REPORTED REFTELS HAS CONTINUED TO OCCUPY CONSIDERABLE ATTENTION IN ROK MEDIA AND POLITICAL CIRCLES DURING PAST WEEK. PRESS HAS REPORTED MORE NAMES OF PROMINENT CITIZENS UNDER INVESTIGATION, INCLUDING NUMEROUS SENIOR OFFICIALS

OF FOREIGN, JUSTICE, AND ECONOMIC MINISTRIES AS WELL AS SEOUL CITY, NATIONAL ASSEMBLYMEN, SNU PROFESSORS, AND JOURNALISTS. (MOFA LUMINARIES NAMED HAVE INCLUDED PRESENT VICE MINISTER YI, HIS PREDECESSOR YUN HA-CHONG, FORMER AMBASSADOR HAM PYONG-CHUN, AND INCUMBENT ASIA BUREAU DIRECTOR KONG NO-MYONG.)

2. RUMORS INDICATE THAT UP TO 60 MAY BE FORCED TO RESIGN AND/OR BE INDICTED, 10 TO 20 UNDER DETENTION, BUT PROSECUTOR'S REPORT ORIGINALLY SCHEDULED FOR JULY 14 HAS BEEN DELAYED, APART FROM CONFIRMATION THAT CHARGES HAVE BEEN FILED AGAINST FIVE OFFICIALS
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OF THE CONSTRUCTION COMPANY (A HYUNDAI SUBSIDIARY) AND GOVERNMENT OFFICES CONCERNED. A NUMBER OF SENIOR OFFICIALS, ESPECIALLY IN BLUE HOUSE STAFF, HAVE REPORTEDLY BEEN SUSPENDED FROM THEIR POSITIONS, BUT INITIAL REPORTS OF WIDESPREAD DISMISSALS HAVE SUBSIDED. ACTION ON RESIGNATIONS OF ASSEMBLY MEMBERS HAS BEEN DEFERRED AND EMBASSY CONTACTS WITH A NUMBER OF OFFICIALS CITED

IN THE PRESS HAVE CONTINUED IN NORMAL FASHION. FOREIGN MINISTRY OFFICIALS, AT LEAST, INDICATE LITTLE ANXIETY OVER THEIR COLLEAGUES' PROSPECTS AS RESULT OF THE SCANDAL.

2. IN RECENT DAYS MUCH OF THE SPECULATION HAS SHIFTED FROM THE SPHERE OF CRIMINAL ACTION TO THE REASONS FOR THE SCANDAL'S DISCLOSURE AT THIS PARTICULAR TIME. ONE REPORT INDICATES THAT THE PRESS GOT HOLD OF THE STORY AND THE GOVERNMENT PRUDENTLY CONCLUDED THAT IT COULD NOT CONTAIN IT, GIVEN SEOUL'S ACCESS TO THE FOREIGN MEDIA, (BUT THIS EXPLANATION IS TOO SIMPLE FOR GENERAL ACCEPTANCE). A COMMON VIEW IS THAT PRESIDENT PAK CHOSE EARLY JULY IN ORDER TO SHIFT ATTENTION FROM THE PRESIDENTIAL ELECTION (WHICH THE STUDENTS WERE TRYING TO MAKE INTO A POLITICAL ISSUE IN ITSELF). IN ADDITION, SOME SPECULATE THAT PAK DECIDED TO USE THIS OCCASION AS A WARNING TO HYUNDAI PRESIDENT CHONG CHU-YONG, WHO HAS STEADILY GAINED PROMINENCE DURING THE PAST YEAR AS KOREA'S LEADING PLUTOCRAT, AND MIGHT HAVE BEEN SUSPECTED OF AN OVER INFLATED EGO. (THIS ANALYSIS IS NOT REGARDED AS CONTRADICTING CONCURRENT RUMORS THAT CHONG'S FIFTH SON IS UNDER CONSIDERATION AS A HUSBAND FOR THE PRESIDENT'S ELDEST DAUGHTER, KEUN HAE; PAK'S ANTIPATHY TO HAVING ANY CLEAR NUMBER TWO IN THE COUNTRY WOULD IF ANYTHING STRENGTHEN THIS PRESUMPTION.) A FURTHER CONFIDENTIAL

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VIEW IS SIMPLY THAT PAK WANTED TO REASSERT HIS SUPRA-POLITICAL AND INCORRUPTIBLE IMAGE, WHILE ASSUAGING THE TEMPER OF THE SEOUL CITIZENRY WHO SHOW SIGNS OF INCREASING IRRITATION OVER INFLATION AND THE GROWING PROBLEMS OF RAPID URBANIZATION, PARTICULARLY THE HOUSING SHORTAGE.

3. COMMENT: ALL OF THE ABOVE APPEAR TO CONTAIN ELEMENTS OF TRUTH. IN ANY EVENT, THE EFFECTS OF THE SCANDAL HAVE INCLUDED ALL OF THE AREAS NAMED. WHAT REMAINS UNCLEAR IS WHETHER THE ACTIONS ULTIMATELY TAKEN WILL CONVINCE THE GENERAL PUBLIC THAT THE GOVERNMENT IS SERIOUSLY CONCERNED WITH CORRUPTION. STERN

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